

2007 DRAFTING REQUEST

Bill

Received: **12/18/2006**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Ted Kanavas (608) 266-9174**

By/Representing: **shawn**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Kanavas@legis.wisconsin.gov**

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Film production credits

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			State
/P1	jkreye 12/19/2006	jdyer 12/20/2006	rschluet 12/20/2006	_____	sbasford 12/20/2006		State
/1	jkreye 01/03/2007	jdyer 01/03/2007	nnatzke 01/03/2007	_____	mbarman 01/03/2007	mbarman 01/03/2007	

FE Sent For: @ intro
2-2-2007

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Extra Copies:

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/?	jkreye	PI 12/20 jld					
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FE Sent For:

<END>

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

12-18-06

Jean - Sen Komer - Film production credits

6-9-74

accrued 1-1-07 - could claim for taxable years after
effective date July 1, 2007



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1175/P1

JK:.....

Jld

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 12-19-06
Thurs 12-21
D-N

Gen

- 1 AN ACT ...; relating to: the taxable years for which a person may claim the film
2 production services and film production company investment credits.✓

Analysis by the Legislative Reference Bureau

Under current law, for taxable years beginning on or after January 1, 2008,✓ a film production company may claim income and franchise tax credits for expenses related to film production services, including a percentage of the salary or wages paid to the company's employees in this state, and for capital investments made in this state by the film production company.✓ Under this bill, a film production company may claim the credits for taxable years beginning on or after July 1, 2007.✓ Furthermore, the film production company may claim expenses paid after December 31, 2006,✓ and before July 1, 2007,✓ on the tax return for its first taxable year beginning on or after July 1, 2007.✓

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.✓

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 3 SECTION 1. 71.07 (5f) (b) (intro.)^x of the statutes is amended to read:
4 71.07 (5f) (b) *Filing claims.* (intro.)[✓] Subject to the limitations provided in this
5 subsection, for taxable years beginning on or after July 1, 2007,[✓] and for amounts paid

1 after December 31, 2007 2006, a claimant may claim as a credit against the tax
2 imposed under s. 71.02 any of the following amounts:

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487.

3 **SECTION 2.** 71.07 (5f) (c) 1. of the statutes is amended to read:

4 71.07 (5f) (c) 1. No amount of the salary or wages paid under par. (b) 1. may
5 be the basis for a credit under this subsection unless the salary or wages are paid for
6 services rendered after December 31, 2007 2006, and directly incurred to produce the
7 accredited production.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487.

8 **SECTION 3.** 71.07 (5f) (c) 2m. of the statutes is created to read:

9 71.07 (5f) (c) 2m. For purposes of this subsection, amounts described under par.
10 (b) 1. to 3. that the claimant paid after December 31, 2006, and before July 1, 2007,
11 are considered to be paid in the claimant's first taxable year beginning on or after
12 July 1, 2007, and may be claimed on the claimant's return for that year.

13 **SECTION 4.** 71.07 (5h) (b) (intro.) of the statutes is amended to read:

14 71.07 (5h) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
15 subsection, for taxable years beginning on or after July 1, 2007, and for amounts paid
16 after December 31, 2007 2006, a claimant may claim as a credit against the tax
17 imposed under s. 71.02, up to the amount of the taxes, for the first 3 taxable years
18 that the claimant is doing business in this state as a film production company, an
19 amount that is equal to 15 percent of the following that the claimant paid in the
20 taxable year to establish a film production company in this state:

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487.

21 **SECTION 5.** 71.07 (5h) (c) 1. of the statutes is amended to read:

1 71.07 (5h) (c) 1. A claimant may claim the credit under par. (b) 1., if the tangible
2 personal property is purchased after December 31, 2007[✓] 2006, and the personal
3 property is used for at least 50 percent of its use in the claimant's business as a film
4 production company.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487.

5 **SECTION 6.** 71.07 (5h) (c) 2. of the statutes is amended to read:

6 71.07 (5h) (c) 2. A claimant may claim the credit under par. (b) 2. for an amount
7 expended to construct, rehabilitate, remodel, or repair real property, if the claimant
8 began the physical work of construction, rehabilitation, remodeling, or repair, or any
9 demolition or destruction in preparation for the physical work, after December 31,
10 2007 2006[✓], or if the completed project is placed in service after December 31, 2007
11 2006[✓].

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487.

12 **SECTION 7.** 71.07 (5h) (c) 3. of the statutes is amended to read:

13 71.07 (5h) (c) 3. A claimant may claim the credit under par. (b) 2. for an amount
14 expended to acquire real property, if the property is not previously owned property
15 and if the claimant acquires the property after December 31, 2007 2006[✓], or if the
16 completed project is placed in service after December 31, 2007 2006[✓].

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487.

17 **SECTION 8.** 71.07 (5h) (c) 3m. of the statutes is created to read:

18 71.07 (5h) (c) 3m. For purposes of this subsection[✓], amounts described under
19 par. (b) 1. and 2.[✓] that the claimant paid after December 31, 2006[✓], and before July 1,
20 2007[✓], are considered to be paid in the claimant's first taxable year beginning on or
21 after July 1, 2007[✓], and may be claimed on the claimant's return for that year.

22 **SECTION 9.** 71.28 (5f) (b) (intro.)[✗] of the statutes is amended to read:

1 71.28 (5f) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
2 subsection, for taxable years beginning on or after July 1, 2007,[✓] and for amounts paid
3 after December 31, ~~2007~~ 2006,[✓] a claimant may claim as a credit against the tax
4 imposed under s. 71.23 any of the following amounts:

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

5 **SECTION 10.** 71.28 (5f) (c) 1. of the statutes is amended to read:

6 71.28 (5f) (c) 1. No amount of the salary or wages paid under par. (b) 1. may
7 be the basis for a credit under this subsection unless the salary or wages are paid for
8 services rendered after December 31, ~~2007~~ 2006,[✓] and directly incurred to produce the
9 accredited production.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

10 **SECTION 11.** 71.28 (5f) (c) 2m. of the statutes is created to read:

11 71.28 (5f) (c) 2m. For purposes of this subsection, amounts described under par.
12 (b) 1. to 3. that the claimant paid after December 31, ~~2006~~ 2006,[✓] and before July 1, 2007,[✓]
13 are considered to be paid in the claimant's first taxable year beginning on or after
14 July 1, 2007,[✓] and may be claimed on the claimant's return for that year.

15 **SECTION 12.** 71.28 (5h) (b) (intro.)^x of the statutes is amended to read:

16 71.28 (5h) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
17 subsection, for taxable years beginning on or after July 1, 2007,[✓] and for amounts paid
18 after December 31, ~~2007~~ 2006,[✓] a claimant may claim as a credit against the tax
19 imposed under s. 71.23, up to the amount of the taxes, for the first 3 taxable years
20 that the claimant is doing business in this state as a film production company, an
21 amount that is equal to 15 percent of the following that the claimant paid in the
22 taxable year to establish a film production company in this state:

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

1 **SECTION 13.** 71.28 (5h) (c) 1. of the statutes is amended to read:

2 71.28 (5h) (c) 1. A claimant may claim the credit under par. (b) 1., if the tangible
3 personal property is purchased after December 31, 2007 2006, and the personal
4 property is used for at least 50 percent of its use in the claimant's business as a film
5 production company.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

6 **SECTION 14.** 71.28 (5h) (c) 2. of the statutes is amended to read:

7 71.28 (5h) (c) 2. A claimant may claim the credit under par. (b) 2. for an amount
8 expended to construct, rehabilitate, remodel, or repair real property, if the claimant
9 began the physical work of construction, rehabilitation, remodeling, or repair, or any
10 demolition or destruction in preparation for the physical work, after December 31,
11 2007 2006, or if the completed project is placed in service after December 31, 2007
12 2006.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

13 **SECTION 15.** 71.28 (5h) (c) 3. of the statutes is amended to read:

14 71.28 (5h) (c) 3. A claimant may claim the credit under par. (b) 2. for an amount
15 expended to acquire real property, if the property is not previously owned property
16 and if the claimant acquires the property after December 31, 2007 2006, or if the
17 completed project is placed in service after December 31, 2007 2006.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

18 **SECTION 16.** 71.28 (5h) (c) 3m. of the statutes is created to read:

19 71.28 (5h) (c) 3m. For purposes of this subsection, amounts described under
20 par. (b) 1. and 2. that the claimant paid after December 31, 2006, and before July 1,
21 2007, are considered to be paid in the claimant's first taxable year beginning on or
22 after July 1, 2007, and may be claimed on the claimant's return for that year.

1 **SECTION 17.** 71.47 (5f) (b) (intro.)^x of the statutes is amended to read:

2 71.47 (5f) (b) *Filing claims.* (intro.)[✓] Subject to the limitations provided in this
3 subsection, for taxable years beginning on or after[✓] July 1, 2007, and for amounts paid
4 after December 31, 2007 2006[✓], a claimant may claim as a credit against the tax
5 imposed under s. 71.43 any of the following amounts:

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267[✓], 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

6 **SECTION 18.** 71.47 (5f) (c) 1. of the statutes is amended to read:

7 71.47 (5f) (c) 1. No amount of the salary or wages paid under par. (b) 1. may
8 be the basis for a credit under this subsection unless the salary or wages are paid for
9 services rendered after December 31, 2007 2006[✓], and directly incurred to produce the
10 accredited production.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267[✓], 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

11 **SECTION 19.** 71.47 (5f) (c) 2m. of the statutes is created to read:

12 71.47 (5f) (c) 2m.[✓] For purposes of this subsection,[✓] amounts described under par.
13 (b) 1. to 3.[✓] that the claimant paid after December 31, 2006,[✓] and before[✓] July 1, 2007,
14 are considered to be paid in the claimant's first taxable year beginning on or after
15 July 1, 2007,[✓] and may be claimed on the claimant's return for that year.

16 **SECTION 20.** 71.47 (5h) (b) (intro.)^x of the statutes is amended to read:

17 71.47 (5h) (b) *Filing claims.* (intro.)[✓] Subject to the limitations provided in this
18 subsection, for taxable years beginning on or after[✓] July 1, 2007, and for amounts paid
19 after December 31, 2007 2006[✓], a claimant may claim as a credit against the tax
20 imposed under s. 71.43, up to the amount of the taxes, for the first 3 taxable years
21 that the claimant is doing business in this state as a film production company, an

1 amount that is equal to 15 percent of the following that the claimant paid in the
2 taxable year to establish a film production company in this state:

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

3 **SECTION 21.** 71.47 (5h) (c) 1. of the statutes is amended to read:

4 71.47 (5h) (c) 1. A claimant may claim the credit under par. (b) 1., if the tangible
5 personal property is purchased after December 31, 2007 2006, and the personal
6 property is used for at least 50 percent of its use in the claimant's business as a film
7 production company.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

8 **SECTION 22.** 71.47 (5h) (c) 2. of the statutes is amended to read:

9 71.47 (5h) (c) 2. A claimant may claim the credit under par. (b) 2. for an amount
10 expended to construct, rehabilitate, remodel, or repair real property, if the claimant
11 began the physical work of construction, rehabilitation, remodeling, or repair, or any
12 demolition or destruction in preparation for the physical work, after December 31,
13 2007 2006, or if the completed project is placed in service after December 31, 2007
14 2006.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

15 **SECTION 23.** 71.47 (5h) (c) 3. of the statutes is amended to read:

16 71.47 (5h) (c) 3. A claimant may claim the credit under par. (b) 2. for an amount
17 expended to acquire real property, if the property is not previously owned property
18 and if the claimant acquires the property after December 31, 2007 2006, or if the
19 completed project is placed in service after December 31, 2007 2006.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; s. 13.93 (2) (c).

20 **SECTION 24.** 71.47 (5h) (c) 3m. of the statutes is created to read:

21 71.47 (5h) (c) 3m. For purposes of this subsection, amounts described under
22 par. (b) 1. and 2. that the claimant paid after December 31, 2006, and before July 1,

1 2007,[✓] are considered to be paid in the claimant's first taxable year beginning on or
2 after July 1, 2007,[✓] and may be claimed on the claimant's return for that year.

3 (END)

d-note
↓

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1175/P1dn

JK: ↑:...

jd

date

Senator Kanavas:

Please review this draft carefully to ensure that it is consistent with your intent. ✓

Joseph T. Kreye
Legislative Attorney
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**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1175/P1dn
JK:jld:rs

December 20, 2006

Senator Kanavas:

Please review this draft carefully to ensure that it is consistent with your intent.

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State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-1175/P1

JK:jld:rs

RMK

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

in 1-3-07

Today

Regen

- 1 AN ACT *to amend* 71.07 (5f) (b) (intro.), 71.07 (5f) (c) 1., 71.07 (5h) (b) (intro.),
2 71.07 (5h) (c) 1., 71.07 (5h) (c) 2., 71.07 (5h) (c) 3., 71.28 (5f) (b) (intro.), 71.28
3 (5f) (c) 1., 71.28 (5h) (b) (intro.), 71.28 (5h) (c) 1., 71.28 (5h) (c) 2., 71.28 (5h) (c)
4 3., 71.47 (5f) (b) (intro.), 71.47 (5f) (c) 1., 71.47 (5h) (b) (intro.), 71.47 (5h) (c) 1.,
5 71.47 (5h) (c) 2. and 71.47 (5h) (c) 3.; and *to create* 71.07 (5f) (c) 2m., 71.07 (5h)
6 (c) 3m., 71.28 (5f) (c) 2m., 71.28 (5h) (c) 3m., 71.47 (5f) (c) 2m. and 71.47 (5h) (c)
7 3m. of the statutes; **relating to:** the taxable years for which a person may claim
8 the film production services and film production company investment credits.

Analysis by the Legislative Reference Bureau

Under current law, for taxable years beginning on or after January 1, 2008, a film production company may claim income and franchise tax credits for expenses related to film production services, including a percentage of the salary or wages paid to the company's employees in this state, and for capital investments made in this state by the film production company. Under this bill, a film production company may claim the credits for taxable years beginning on or after July 1, 2007. Furthermore, the film production company may claim expenses paid after December 31, 2006, and before July 1, 2007, on the tax return for its first taxable year beginning on or after July 1, 2007.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 71.07 (5f) (b) (intro.) of the statutes is amended to read:

2 71.07 (5f) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
3 subsection, for taxable years beginning on or after July 1, 2007, and for amounts paid
4 after December 31, ~~2007~~ 2006, a claimant may claim as a credit against the tax
5 imposed under s. 71.02 any of the following amounts:

6 **SECTION 2.** 71.07 (5f) (c) 1. of the statutes is amended to read:

7 71.07 (5f) (c) 1. No amount of the salary or wages paid under par. (b) 1. may
8 be the basis for a credit under this subsection unless the salary or wages are paid for
9 services rendered after December 31, ~~2007~~ 2006, and directly incurred to produce the
10 accredited production.

11 **SECTION 3.** 71.07 (5f) (c) 2m. of the statutes is created to read:

12 71.07 (5f) (c) 2m. For purposes of this subsection, amounts described under par.
13 (b) 1. to 3. that the claimant paid after December 31, 2006, and before July 1, 2007,
14 are considered to be paid in the claimant's first taxable year beginning on or after
15 July 1, 2007, and may be claimed on the claimant's return for that year.

16 **SECTION 4.** 71.07 (5h) (b) (intro.) of the statutes is amended to read:

17 71.07 (5h) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
18 subsection, for taxable years beginning on or after July 1, 2007, and for amounts paid
19 after December 31, ~~2007~~ 2006, a claimant may claim as a credit against the tax
20 imposed under s. 71.02, up to the amount of the taxes, for the first 3 taxable years
21 that the claimant is doing business in this state as a film production company, an

1 amount that is equal to 15 percent of the following that the claimant paid in the
2 taxable year to establish a film production company in this state:

3 **SECTION 5.** 71.07 (5h) (c) 1. of the statutes is amended to read:

4 71.07 **(5h)** (c) 1. A claimant may claim the credit under par. (b) 1., if the tangible
5 personal property is purchased after December 31, 2007 2006, and the personal
6 property is used for at least 50 percent of its use in the claimant's business as a film
7 production company.

8 **SECTION 6.** 71.07 (5h) (c) 2. of the statutes is amended to read:

9 71.07 **(5h)** (c) 2. A claimant may claim the credit under par. (b) 2. for an amount
10 expended to construct, rehabilitate, remodel, or repair real property, if the claimant
11 began the physical work of construction, rehabilitation, remodeling, or repair, or any
12 demolition or destruction in preparation for the physical work, after December 31,
13 2007 2006, or if the completed project is placed in service after December 31, 2007
14 2006.

15 **SECTION 7.** 71.07 (5h) (c) 3. of the statutes is amended to read:

16 71.07 **(5h)** (c) 3. A claimant may claim the credit under par. (b) 2. for an amount
17 expended to acquire real property, if the property is not previously owned property
18 and if the claimant acquires the property after December 31, 2007 2006, or if the
19 completed project is placed in service after December 31, 2007 2006.

20 **SECTION 8.** 71.07 (5h) (c) 3m. of the statutes is created to read:

21 71.07 **(5h)** (c) 3m. For purposes of this subsection, amounts described under
22 par. (b) 1. and 2. that the claimant paid after December 31, 2006, and before July 1,
23 2007, are considered to be paid in the claimant's first taxable year beginning on or
24 after July 1, 2007, and may be claimed on the claimant's return for that year.

25 **SECTION 9.** 71.28 (5f) (b) (intro.) of the statutes is amended to read:

1 71.28 (5f) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
2 subsection, for taxable years beginning on or after July 1, 2007, and for amounts paid
3 after December 31, ~~2007~~ 2006, a claimant may claim as a credit against the tax
4 imposed under s. 71.23 any of the following amounts:

5 **SECTION 10.** 71.28 (5f) (c) 1. of the statutes is amended to read:

6 71.28 (5f) (c) 1. No amount of the salary or wages paid under par. (b) 1. may
7 be the basis for a credit under this subsection unless the salary or wages are paid for
8 services rendered after December 31, ~~2007~~ 2006, and directly incurred to produce the
9 accredited production.

10 **SECTION 11.** 71.28 (5f) (c) 2m. of the statutes is created to read:

11 71.28 (5f) (c) 2m. For purposes of this subsection, amounts described under par.
12 (b) 1. to 3. that the claimant paid after December 31, 2006, and before July 1, 2007,
13 are considered to be paid in the claimant's first taxable year beginning on or after
14 July 1, 2007, and may be claimed on the claimant's return for that year.

15 **SECTION 12.** 71.28 (5h) (b) (intro.) of the statutes is amended to read:

16 71.28 (5h) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
17 subsection, for taxable years beginning on or after July 1, 2007, and for amounts paid
18 after December 31, ~~2007~~ 2006, a claimant may claim as a credit against the tax
19 imposed under s. 71.23, up to the amount of the taxes, for the first 3 taxable years
20 that the claimant is doing business in this state as a film production company, an
21 amount that is equal to 15 percent of the following that the claimant paid in the
22 taxable year to establish a film production company in this state:

23 **SECTION 13.** 71.28 (5h) (c) 1. of the statutes is amended to read:

24 71.28 (5h) (c) 1. A claimant may claim the credit under par. (b) 1., if the tangible
25 personal property is purchased after December 31, ~~2007~~ 2006, and the personal

1 property is used for at least 50 percent of its use in the claimant's business as a film
2 production company.

3 **SECTION 14.** 71.28 (5h) (c) 2. of the statutes is amended to read:

4 71.28 **(5h)** (c) 2. A claimant may claim the credit under par. (b) 2. for an amount
5 expended to construct, rehabilitate, remodel, or repair real property, if the claimant
6 began the physical work of construction, rehabilitation, remodeling, or repair, or any
7 demolition or destruction in preparation for the physical work, after December 31,
8 ~~2007~~ 2006, or if the completed project is placed in service after December 31, ~~2007~~
9 2006.

10 **SECTION 15.** 71.28 (5h) (c) 3. of the statutes is amended to read:

11 71.28 **(5h)** (c) 3. A claimant may claim the credit under par. (b) 2. for an amount
12 expended to acquire real property, if the property is not previously owned property
13 and if the claimant acquires the property after December 31, ~~2007~~ 2006, or if the
14 completed project is placed in service after December 31, ~~2007~~ 2006.

15 **SECTION 16.** 71.28 (5h) (c) 3m. of the statutes is created to read:

16 71.28 **(5h)** (c) 3m. For purposes of this subsection, amounts described under
17 par. (b) 1. and 2. that the claimant paid after December 31, 2006, and before July 1,
18 2007, are considered to be paid in the claimant's first taxable year beginning on or
19 after July 1, 2007, and may be claimed on the claimant's return for that year.

20 **SECTION 17.** 71.47 (5f) (b) (intro.) of the statutes is amended to read:

21 71.47 **(5f)** (b) *Filing claims.* (intro.) Subject to the limitations provided in this
22 subsection, for taxable years beginning on or after July 1, 2007, and for amounts paid
23 after December 31, ~~2007~~ 2006, a claimant may claim as a credit against the tax
24 imposed under s. 71.43 any of the following amounts:

25 **SECTION 18.** 71.47 (5f) (c) 1. of the statutes is amended to read:

1 71.47 (5f) (c) 1. No amount of the salary or wages paid under par. (b) 1. may
2 be the basis for a credit under this subsection unless the salary or wages are paid for
3 services rendered after December 31, 2007 2006, and directly incurred to produce the
4 accredited production.

5 **SECTION 19.** 71.47 (5f) (c) 2m. of the statutes is created to read:

6 71.47 (5f) (c) 2m. For purposes of this subsection, amounts described under par.
7 (b) 1. to 3. that the claimant paid after December 31, 2006, and before July 1, 2007,
8 are considered to be paid in the claimant's first taxable year beginning on or after
9 July 1, 2007, and may be claimed on the claimant's return for that year.

10 **SECTION 20.** 71.47 (5h) (b) (intro.) of the statutes is amended to read:

11 71.47 (5h) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
12 subsection, for taxable years beginning on or after July 1, 2007, and for amounts paid
13 after December 31, 2007 2006, a claimant may claim as a credit against the tax
14 imposed under s. 71.43, up to the amount of the taxes, for the first 3 taxable years
15 that the claimant is doing business in this state as a film production company, an
16 amount that is equal to 15 percent of the following that the claimant paid in the
17 taxable year to establish a film production company in this state:

18 **SECTION 21.** 71.47 (5h) (c) 1. of the statutes is amended to read:

19 71.47 (5h) (c) 1. A claimant may claim the credit under par. (b) 1., if the tangible
20 personal property is purchased after December 31, 2007 2006, and the personal
21 property is used for at least 50 percent of its use in the claimant's business as a film
22 production company.

23 **SECTION 22.** 71.47 (5h) (c) 2. of the statutes is amended to read:

24 71.47 (5h) (c) 2. A claimant may claim the credit under par. (b) 2. for an amount
25 expended to construct, rehabilitate, remodel, or repair real property, if the claimant

1 began the physical work of construction, rehabilitation, remodeling, or repair, or any
2 demolition or destruction in preparation for the physical work, after December 31,
3 ~~2007~~ 2006, or if the completed project is placed in service after December 31, ~~2007~~
4 2006.

5 **SECTION 23.** 71.47 (5h) (c) 3. of the statutes is amended to read:

6 71.47 **(5h)** (c) 3. A claimant may claim the credit under par. (b) 2. for an amount
7 expended to acquire real property, if the property is not previously owned property
8 and if the claimant acquires the property after December 31, ~~2007~~ 2006, or if the
9 completed project is placed in service after December 31, ~~2007~~ 2006.

10 **SECTION 24.** 71.47 (5h) (c) 3m. of the statutes is created to read:

11 71.47 **(5h)** (c) 3m. For purposes of this subsection, amounts described under
12 par. (b) 1. and 2. that the claimant paid after December 31, 2006, and before July 1,
13 2007, are considered to be paid in the claimant's first taxable year beginning on or
14 after July 1, 2007, and may be claimed on the claimant's return for that year.

15 (END)

Basford, Sarah

From: Lundie, Shawn
Sent: Wednesday, January 03, 2007 3:01 PM
To: LRB.Legal
Subject: Draft Review: LRB 07-1175/1 Topic: Film production credits

Please Jacket LRB 07-1175/1 for the SENATE.